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ABSTRACT

Michigan is a leader in state efforts to gain more autonomy over social service programs. Many changes, including those made to the child care and child welfare systems, were part of the governor's blueprint for reform, To Strengthen Michigan Families. This report begins with a profile of Michigan's demographic, economic, and political conditions, then discusses its social safety net. The following three sections offer more detail on specific programs and services, examining recent changes, the administrative structure, general service delivery, and important policies affecting each program and the clients that the program serves. The first section describes Michigan's Temporary Assistance for Needy Families (TANF) program, the Family Independence Program (FIP), highlighting Michigan's work-related component for TANF recipients (Work First) and the overall workforce development system. The next section covers the state's system for providing child care for FIP and non-welfare families. The third section describes the child welfare system, particularly the interaction between child welfare and welfare reform. The report concludes by assessing Michigan's place in the spectrum of state approaches to welfare reform, workforce development, and

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child care and child welfare, then presents a summary of accomplishments and an examination of future issues and challenges. (Contains 17 endnotes.) (SM)

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Assessing the New Federalism

An Urban Institute Program to Assess Changing Social Policies

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Recent Changes in Michigan Welfare and Work, Child Care, and Child Welfare Systems

Kristin S. Seefeldt, Jacob Leos-Urbel, Patricia McMahon, and Kathleen Snyder

Michigan has maintained a strong "work first" focus since... federal welfare reform. Recent...policy changes...allow more opportunities for training, promote efforts to deal with clients who have barriers, and focus on low-income families more generally.

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Introduction

During the debates and discussions leading up to federal welfare reform, Michigan emerged as a leader in the effort of states to gain more autonomy over social service programs and as a model of reform that other states could follow. The state was one of the first to receive approval of and implement its plan for the new Temporary Assistance for Needy Families (TANF) program, building on many initiatives previously put in place through waivers and other policy changes. For example, at the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Michigan was already moving toward a work-based welfare system, starting a Work First program in 1994 and expanding participation requirements in the Job Opportunities and Basic Skills (JOBS) program.

These and other changes, including those made to the child care and child welfare systems, were all part of Michigan Governor John Engler's blueprint for reform, known as To Strengthen Michigan Families (TSMF). Two primary goals of TSMF are to encourage employment and personal responsibility, themes that are central to federal welfare reform legislation and that continue to guide Michigan four years after PRWORA's passage.

This report begins with a short profile of Michigan's demographic, economic, and political conditions. Michigan's social safety net is discussed next. The following three sections offer more detail on specific programs and services, providing information on recent changes, the administrative structure, general service delivery, and important policies affecting each program and the clients that program serves. Michigan's TANF program, called the Family Independence Program (FIP), is described first, including the state's work-related component for TANF recipients (Work First) and the overall workforce development system. Next, we cover the state's system for providing child care for both FIP and nonwelfare families. The third program area described is the child welfare system, with particular attention paid to the interaction between child welfare and welfare reform. The report concludes with an assessment of Michigan's place in the spectrum of state approaches to welfare reform, workforce development, child care and child welfare, a summary of accomplishments, and an examination of future issues and challenges.

For the most part, information presented in this report comes from in-person interviews with relevant front-line program staff, although focus groups with FIP recipients were conducted to learn more about child care. Additionally, interviews were conducted with various state-level officials responsible for FIP, workforce development, child care, and child welfare to obtain an overview of the system statewide and to learn about new policy directions in these areas. In Michigan, most interviews were with program staff in Detroit/Wayne County, the state's largest

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urban area. Telephone interviews were carried out with child welfare administrators in 13 additional counties.[1] Interview information is supplemented with reports produced by other research organizations and by Michigan state agencies.

Researchers visited Michigan three times during late 1999 and early 2000: in August 1999 (child care interviews), October 1999 (child welfare interviews), and March 2000 (FIP and workforce development interviews). Telephone interviews with county child welfare administrators took place in February and March of 2000.

Social and Political Context

Social and Economic Conditions

This study starts with an overview of the state's characteristics on a number of social and economic indicators, showing also how those figures compare to national averages (table 1). The proportion of Michigan residents who are African American is higher than for the United States as a whole, while the proportion of residents who are Hispanic, noncitizen immigrants, or nonmetropolitan dwellers is lower. The proportion of births that occur to unmarried teens in Michigan is about the same as the national average—just under 10 percent—as is the state's overall teen birth rate. During the 1990s the state experienced less population growth than the nation overall and lower growth in per capita income. The state has a lower than average poverty rate for both children and adults, likely due in part to its strong economy. From 1996 to 1998, Michigan's unemployment rate dropped from 4.9 percent to 3.8 percent, with declines experienced each year. Known historically for its auto industry, the state has sought to diversify its economy, although the proportion of jobs in the manufacturing sector is still higher than the national average. In a strategy designed to attract more business, the state offers tax cuts and other incentives to firms that locate in Michigan. For the past three years, the state has been named winner of *Site Selection* magazine's "Governor's Cup," an award bestowed upon the state with the most new plants and expansions.[2]

Cutting all taxes is high on the agenda of Governor Engler and Republican legislators. In spring 1999, personal income taxes were reduced from 4.4 percent to 3.9 percent (to be phased in by 2004). The Single Business Tax, which is a 2.3 percent value-added tax, will also be eliminated over the next 23 years. Michigan is the only state with a value-added tax, and the administration believed its elimination necessary to attract business to the state. While the income tax cut had bipartisan support, Democratic lawmakers were solidly against eliminating the Single Business Tax, largely because revenue from this tax comprises a significant portion of the state's general fund (for the next fiscal year, a projected $2.6 billion or 28 percent of the general fund). At present, though, the state retains a healthy surplus in its Rainy Day Fund (funds meant to stabilize the budget in an economic downturn). At the end of fiscal year (FY) 1999, the state held $1.2 billion in this fund, an increase over prior years.[3]

Term limits, voted into the state constitution in 1992, came into effect for the first time during the 1998 elections, making 64 of the 110 House members ineligible for another term in office (state senators will face term limits in 2002). In the first post-term limit election, Republicans gained control of the state legislature, albeit by a narrow margin. Coupled with a majority in the State Senate and the reelection of Governor John Engler (who easily won what will be his final term in office), the Republicans have been able to carry out their legislative agenda with few challenges.

Michigan's Social Safety Net

On most measures examined for this report, Michigan's social safety net for poor families and children is more comprehensive than the nation as a whole (table 2). Michigan did not change cash assistance benefit levels with the implementation of PRWORA. In Wayne County, where most FIP recipients reside, the maximum benefit amount for a family of three (assuming no other income) is $459. This is higher than the median benefit amount in the country as a whole. Using the ratio of children receiving welfare to all poor children

TABLE 1. Michigan State Characteristics, 1999

	Michigan	United States
Population Characteristics		
Population (1999) [a] (in thousands)	9,863	272,690
Percent under age 18 (1999) [b]	26.0%	25.7%
Percent Hispanic (1999) [c]	2.8%	11.5%
Percent Black (1999) [d]	14.3%	12.8%
Percent non-citizen immigrant (1998) [e]	2.7%	6.3%
Percent non-metropolitan (1996) [f]	17.6%	20.1%
Percent change in population (1990-1999) [g]	6.1%	9.6%
Percent births to unmarried women 15-44 (1998) [h]	33.9%	32.8%
Percent births to unmarried teens 15-19 (1997) [i]	9.9%	9.7%
Birth rates (births per 1,000) females aged 15-44 (1998) [h]	13.6	14.6
Birth rates (births per 1,000) females aged 15-19 (1998) [h]	42.6	51.1
State Economic Characteristics		
Per capita income (1999) [j]	$28,113	$28,542
Percent change per capita income (1995-1999) [j]	7.3%	10.8%
Unemployment rate (1999) [k]	3.8%	4.2%
Employment rate (1999) [l]	82.6%	81.5%
Percent jobs in manufacturing (1998) [m]	20.5%	14.8%
Percent jobs in service sector (1998) [m]	28.2%	29.9%
Percent jobs in public sector (1998) [m]	14.8%	15.8%
Family Profile		
Percent children living in two-parent families (1999) [n]	63.5%	63.6%
Percent children living in one-parent families (1999) [n]	24.3%	24.8%
Percent children in poverty (1998) [o*]	11.8%	17.5%
Percent change children in poverty (1996-1998) [o*]	–15.1%	–15.0%
Percent adults in poverty (1998) [o*]	8.6%	11.2%
Percent change adults in poverty (1996-1998) [o*]	–10.4%	–10.4%
Political		
Governor's affiliation (1999) [p]	Republican	
Party composition of senate (1999) [q]	15D-23R	
Party composition of house (1999) [q]	52D-58R	

*1998 National adult, national child, and state child poverty estimates show statistically significant decreases from the 1996 estimates at the 0.10 confidence level, as calculated by the *Assessing the New Federalism* project, The Urban Institute.

Table 1 notes begin on page 16.

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TABLE 2. The Safety Net in Michigan, in National Context

	Michigan	United States
Welfare Benefits - Maximum Monthly Benefit (Family of Three, No Income)		
1996 (AFDC) [a]	$459	Median: $415
1998 (TANF) [a]	$459	Median: $421
2000 (TANF) [a]	$459*	Median: $421
Ratio of Children Receiving Welfare to All Poor Children		
1996 (AFDC) [b]	98.2%	59.3%
1998 (TANF) [b]	78.6%	49.9%
Percent of All Children Without Health Insurance		
1997 [c]	5.5%	12.2%
1999 [c]	7.2%	12.5%
Income Cutoff for Children's Eligibility for Medicaid/State Children's Health Insurance Program (Percent of Federal Poverty Level)		
1996 [d,e]	136.2%	123.8%
1998 [d,f]	200.0%	178.4%
2000 [d,g]	200.0%	205.1%
Income Cutoff for Children's Eligibility for Child Care Subsidy (Percent of State Median Income/ Federal Poverty Level)		
1998 (January) [h]	59% / 196%	57% / 182%
1999 (June) [h]	55% / 188%	59% / 178%

AFDC = Aid to Families with Dependent Children
TANF = Temporary Assistance for Needy Families
Table 2 notes begin on page 17

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Food stamp receipt has also declined during the same time period, although the magnitude of the decrease, 24 percent, is not nearly as great and is similar to the national figure.[5]

Michigan children residing in families with incomes up to 200 percent of the federal poverty level are eligible for Medicaid and related public health care coverage, which is comparable to the rest of the United States. Michigan's income eligibility cutoff for child care assistance is slightly higher than the national average (188 percent of poverty in 1999 compared with 178 percent, respectively), although this cutoff has dropped since 1998 because the state uses an actual dollar amount of income in determining eligibility.[6] However, child care caseloads increased dramatically, reflecting the movement of welfare recipients into work. The number of families receiving child care assistance rose almost 70 percent, and the number of children receiving care almost doubled. Within the child welfare system (not shown in the table), investigations of abuse and neglect increased by 18 percent between 1996 and 1999, and foster care cases increased by the same proportion between 1998 and 1999.

Welfare and Work

Michigan is often regarded as one of the leaders in welfare reform, both because of its early experience in instituting new policies and because of the involvement of Governor Engler and members of his administration in national-level discussions about welfare reform. Beginning in 1992, the state sought and obtained waivers from federal regulations to modify existing welfare rules, primarily by liberalizing eligibility requirements for two-parent families and encouraging work through a system of rewards (for example, generous earned income disregards) and penalties (stricter sanction policies). However, unlike other states that experimented extensively with their welfare policies (e.g., Florida, New Jersey, Wisconsin), Michigan did not seek to implement time limits or family caps (Zedlewski, Holcomb, and Duke 1998). In 1995, the state passed its own welfare reform legislation, with many of the provisions in the state's law mirroring what was to be in PRWORA, but again, without placing a time limit on benefit receipt.

FIP Policy and Program Emphasis

A strong focus on work was an underlying theme of early Michigan reforms, and it has carried through post-PRWORA to FIP. Although not implemented on a full scale until after federal welfare reform, the state put its Work First program into place in 1994. As the name suggests, the program approach emphasizes job search and placement, with limited opportunities for education and training. In the last year, state policies regarding training have become less restrictive, but locally the work first approach still dominates. Exemptions from the work requirement are narrowly defined. For those who become employed, the state has a fairly generous earned income disregard whereby recipients can keep the first $200 of their earnings and 20 percent of the rest without affecting their grant.

Work is also emphasized under a special initiative called "Project Zero." Started in 1996 on a small pilot basis, Project Zero's goal is to decrease to zero the number of FIP cases without earnings. Project Zero has expanded over the last three years to include the entire state by October 2000. Sites operating this initiative have a higher proportion of cases reporting earnings than do other sites. Unlike most states, Michigan does not have a time limit on benefit receipt; state officials have pledged to continue supporting families who reach the five-year federal time limit, provided those families abide by program requirements. Those who do not comply potentially face relatively strict sanction penalties, which have become stricter over time. Overall, though, Michigan's cash assistance policies, as they operate at the front line, remain similar to those in place in early 1997.

Further reforms to Michigan's welfare system are part of Governor Engler's legislative agenda. In 1999, the legislature passed a bill requiring all new FIP applicants to submit to urine screens as a condition of processing the application; if the test result was positive for illegal substances applicants were required to comply with a course of treatment. A random sample of ongoing cases were also to be screened. With this new law, Michigan was

the first state to institute large-scale drug testing of welfare recipients. Piloting of the policy started in October 1999, but testing was halted one month later after the ACLU filed suit to stop it. In September 2000, a federal judge issued a preliminary injunction against further testing, which the state will appeal. Advocates contend that rather than identifying a barrier to employment, as the Governor and legislators maintain, the policy is designed to discourage people from applying for benefits.

Local FIP Program Focus. At the local level, in Detroit, Work First and employment remain the primary activities for FIP recipients, even though state policies have changed to allow certain education and training activities to count toward meeting part or all of the work requirement. These changes, which went into effect in October 1999, allow clients to satisfy the work requirement either by combining 10 hours of employment with class and study time or by attending a full-time, short-term vocational training program. Clients without a high school diploma or GED may fulfill up to 10 hours of their work requirement by participating in GED preparation activities. In addition, a number of modifications were made over the last few years to policies concerning post-employment training. These modifications shorten employment duration requirements and reduce the number of hours of work needed in order to use the post-employment training option.

However, staff in Detroit reported that a variety of issues serve to maintain a focus on work. First, staff noted that even with the reduced hours of employment needed to participate in training, some clients have difficulty balancing training with work and family responsibilities. Finding employers willing to schedule clients for only 10 hours of work a week was also cited as a problem. Work First contractors' performance (see Organization of Welfare and Work Programs, below) continues to be judged by the number of clients placed into jobs, so incentives run counter to promoting training. A number of training programs reportedly only admit clients with GEDs, limiting the choices for clients who do not have this certificate. Legal advocates contended that the staff responsible for processing FIP applications and explaining the program to prospective clients lacked information about the policy changes, so clients were not receiving information about their options.

FIP Eligibility. FIP eligibility requirements have changed only minimally since the baseline visit. All cash assistance applicants are required to attend an orientation session which introduces the applicant to the rules and regulations of the Family Independence Program and Work First. In addition, as of October 1998, applicants, unless deferred, must attend the first day of a Work First program. If the applicant does not complete either of these steps, the case will not be opened. Once in Work First and on cash assistance, recipients must continue to comply with Work First participation requirements. The overall purpose of Work First is to assist clients in securing employment. Typically, this is done through a set of pre-employment workshops on topics such as interviewing and resume writing and through assistance with job search. The required hours of participation follow the federal guidelines set out in PRWORA.

Sanctions. Policy changes notwithstanding, most recipients are expected to participate in an approved activity, and failure to do so can result in sanctions. In Michigan, the sanction policy is fairly severe compared with other states. Prior to federal welfare reform, the state had a waiver to modify the JOBS sanction policy, whereby both the cash grant and food stamps would be reduced and then closed if noncompliance continued for 12 months. In April 1997, this policy changed. Recipients on FIP for less than 60 days who do not comply with Work First may be terminated immediately from the FIP and food stamp rolls. This is an immediate, full-family sanction, in that the entire case is closed (both FIP and food stamps) and must remain so for at least one month. Recipients on FIP for at least 60 days face a 25 percent reduction in FIP and food stamp benefits for noncompliance with Work First, with case closure occurring after four months of noncompliance. However, a number of local offices have used the additional discretion provided through Project Zero to move to a stricter sanction policy, with most shortening the time frame for closing the case (e.g., a 25 percent reduction for 2 months followed by case closure, or immediate case closure) and/or lengthening the amount of time before a sanctioned case can receive bene-

fits again (e.g., from one month to two months). Noncompliance can also occur if a recipient—regardless of the length of time he or she has been on FIP—refuses employment, fails to attend a job interview, voluntarily reduces hours of work, quits a job, or is fired. The penalty for these types of noncompliance is immediate benefit termination of FIP and food stamps for the entire case for at least one month. From January to May 2000, just over 4,000 cases were closed for noncompliance, compared with about 258 during the same time period in 1997 (prior to the policy change).

Exemptions. Exemptions (called "deferrals") from Work First and the work requirement are limited primarily to clients who are disabled or caring for a disabled family member, with a strict definition of "disabled" used to make that determination. Shorter term deferrals of up to 90 days are also available to mothers with a child under 3 months, victims of domestic violence, clients with temporary mental or physical illnesses or injuries, and clients experiencing a temporary crisis that limits their ability to participate. Michigan's deferral criteria are rather narrow in scope when compared with other states (Thompson, Holcomb, Loprest, and Brennan 1998). But because of significant overall caseload reductions, deferred cases now comprise a large proportion of the FIP caseload—about half or more in a given month.

Organization of Welfare and Work Programs

The Family Independence Agency (FIA) is Michigan's TANF agency, overseeing the Family Independence Program. FIA is also involved in delivering most other income support programs (table 3). FIA administers the child care, Food Stamp, and child welfare programs and determines eligibility for Medicaid. However, administrative functions related to Medicaid are handled by the Department of Community Health (DCH).

The state's workforce development system, including services now under the new Workforce Investment Act (WIA), is overseen by the relatively new Department of Career Development (DCD). The workforce development system has undergone significant reorganization in the past decade. Governor Engler consolidated all employment and training programs into new agencies, first the Michigan Jobs Commission in 1991, and more recently the Department of Career Development in 1999. DCD has responsibility for administering Work First, the state's employment and training program for welfare recipients. Thus, although FIA is recognized as Michigan's TANF agency and is responsible for FIP, it shares

TABLE 3. Administration of Income Support and Social Services in Michigan

Federal or Generic Program Name	What program is called in Michigan	Which agency administers in Michigan
TANF	Family Independence Program (FIP)	Family Independence Agency (FIA)
Workforce Investment Act (WIA)	WIA	Department of Career Development
Child Care Development Block Grant	Child Day Care Program	FIA
Food Stamps	Food Stamps	FIA
Child Welfare	Child Welfare	FIA
Medicaid	Medicaid, except for SCHIP which is called MIChild	Department of Community Health administers; FIA determines eligibility

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responsibility for carrying out FIP-related services with DCD. The two differ greatly in their organization, relationships with the local service delivery system, and approaches to providing services.

The Family Independence Agency operates a state-administered system—all FIA staff, including those who work in local offices, are employees of the state. At least one FIA office is located in each county, and services to clients are provided through these county FIA offices. In Wayne County, as well as several other large urban counties, services are offered through many district offices. For administrative purposes, counties are grouped into zones, which provide a link between county FIA offices and the central administration in Lansing. This basic organizational structure has not changed since the 1997 baseline study, although the agency lost approximately 10 percent of its staff due to a government downsizing effort in mid-1997. About half of the staff who took early retirement were front-line workers, and these positions have had to be replaced.

For the most part, policy and funding decisions regarding the Family Independence Program are handled centrally by FIA staff in Lansing. Local county and district offices implement FIP policy, with the expectation that each office will carry out that policy in standardized fashion. Although state control of the overall design and focus of welfare reform efforts is generally strong, local FIA offices have been given some additional discretion to develop new, community-based service delivery strategies for FIP recipients under Project Zero. To achieve the goal of reducing to zero the number of cases without earnings, local offices may seek waivers from state policy, change office staffing configurations, and contract or develop collaborative relationships with outside service providers. However, the state office in Lansing must approve all local Project Zero plans.

Funds to oversee and operate the TANF work program, Work First, are passed from FIA to the Department of Career Development. DCD is a relatively new state agency, formed in April 1999 by executive order of the governor. Previously, the Michigan Jobs Commission, created in 1991 to oversee all economic development and job training programs, handled these functions. Governor Engler dismantled the Jobs Commission, splitting it into two entities. Economic development functions were placed with the new Michigan Economic Development Corporation (MEDC), while job training and workforce development functions moved to DCD along with administration of career and technical education and adult education programs, which previously had been the responsibility of the Department of Education. Despite this state level reorganization, the overall administrative structure of the workforce development system is generally the same. Like its predecessor, DCD sets policy, provides guidance to localities, and administers state and federal funds. Funds for employment and training services and workforce development programs are then allocated to 25 Workforce Development Boards and their staff, called Michigan Works! Agencies, which in turn contract out for direct services.

Compared with the structure within FIA, the relationship between DCD and local Boards/Michigan Works! Agencies is much more decentralized. As was the arrangement in 1997, the state agency (now DCD) provides the Boards with broad policy directives, but decisions about how to deliver services are left up to the Boards. Likewise, while the Boards are mandated to contract out for services, they make the choices about selecting contractors and structuring the contracts (e.g., pay for performance versus cost-reimbursement).

Local Program Structure. In Detroit/Wayne County at the time of the 2000 site visit, 23 FIA District Offices provided FIP services to Wayne county residents, and workforce development services continued to be provided by the City of Detroit Department of Employment and Training, Detroit's Michigan Works! Agency. Within the FIA district offices, FIP cases are handled by Family Independence Specialists, a new case management position implemented in April 1997. This new position integrates intake, ongoing and case management functions as well as income maintenance, child care and JOBS services into one position. The change to this staffing model represented a major shift for FIA staff, most of whom had formerly been income maintenance staff, not trained in social work or

case management. For FIP-related work services, the City of Detroit contracts with more than 30 different organizations to operate various aspects of Work First. These Work First contractors are matched up to one or more FIA district offices and represent a mix of private nonprofits, for-profit firms, and divisions of local schools and colleges. Administratively, the existing structure and composition of the City's Workforce Development Board meet the standards required by the new federal Workforce Investment Act, as is the case for the 24 other Boards in the state, so no changes have been necessary to be in compliance with the Workforce Investment Act. In general, officials from the City and from DCD did not anticipate that implementation would result in any significant changes to Michigan's workforce development system. In sum, because of the Governor's priority on reforming welfare and the initiatives undertaken through waivers and government reorganization, Michigan was well-poised to implement the new welfare law and, more recently, the federal Workforce Investment Act.

FIA and Workforce Development Service Delivery and Linkages

In Detroit, FIP applicants and recipients receive services primarily from the FIA district office serving their zip code area and the Work First contractor(s) assigned to that office. Although clients work with a variety of case managers and job developers at the Work First program, the FIA Family Independence Specialist is the primary case manager for FIP recipients. In this capacity, the case manager handles intake and eligibility work, and also works with the client to develop a plan for achieving self-sufficiency, identifies barriers to employment, and addresses those barriers through referrals or provision of support services. Work First contractors generally provide direct services related to job readiness, job search, and job placement, although staff in these agencies also address barriers to employment.

When Work First was implemented in 1994 and for the first couple of years post-implementation, collaboration between many FIA district offices and the Work First contractors was minimal. However, increased familiarity with each other over time and a recognition that both agencies play a role in achieving the goals of welfare reform have, according to local staff, facilitated closer working relationships. Although FIA and Work First staff in Detroit reported varying levels of communication with each other, there was overall agreement that the level of interaction had increased, with more staff engaging in weekly face-to-face case management meetings to discuss the status and progress of various clients.

Other workforce development services are provided through Michigan's system of one-stop service centers. The one-stop structure grew out of early attempts to coordinate employment and training services as well as developments at the federal level. In 1997, the Michigan Jobs Commission announced a "No Wrong Door" initiative, designed to provide individuals with access to employment and training programs for which they were eligible, regardless of their point of entry into the system. Localities were given some flexibility in how to implement this vision of seamless service delivery, ranging from physical co-location to electronic linkages between affiliated agencies. However, as No Wrong Door was implemented, the state began promoting co-location instead of electronic connections, both for ease in customer use of the system and because the federal Workforce Investment Act requires states to deliver employment and training services through one-stop centers.

As of April 2000, DCD had certified 102 one-stops, meaning that these locations provide a core set of services for employers and job seekers (e.g., labor market information, access to Michigan's Talent Bank—an internet based job search and registry system—resume preparation tools, etc.). Additionally, a certified one-stop must provide access to a range of employment and training programs, either at the service center or through referral, although a certain set proportion must be co-located. The state requires at least one center in every major population area. In spring 2000, five one-stop service centers were certified and operational in Detroit, with two additional centers expected to open soon.

While any member of the public can access services offered through the one-stops, operators in Detroit estimated that more than half of the users are public assistance recipients.

Program Innovations and Challenges

The changing composition of and the significant decline in the FIP caseload has led to some changes in program focus. The most common shift has been toward offering services that address the needs of the remaining caseload, including those deferred from the work requirement. In addition, the state is starting to look more broadly at serving low-income nonwelfare families and not just welfare recipients. However, these efforts, described below, are just beginning.

Some of the Work First providers in Detroit have hired specialized staff to deal with issues such as substance abuse, or have put more resources into job retention services such as Employee Assistance Programs. Another new and upcoming initiative, in which eight Wayne County FIA offices were selected to participate, is the "Summer Project." This project is designed to serve the entire family, but with the end goal of moving nonworking parents into employment. Offices design their own set of services, ranging from family assessment, literacy, employment, and life skills activities for adults, summer day camp for children, and summer youth employment programs for youth. Two counties were chosen to run a variation of the project in which families currently deferred from the work requirement due to disabilities may volunteer to participate in a similar range of activities.

Although the FIP caseload decline has received a great deal of attention in the media, FIA staff view the decline more as a shift of former FIP clients to other programs than as a decline in the number of people receiving some form of assistance. That is, clients who leave FIP or applicants who find employment before their FIP case is open generally receive some public assistance, particularly child care and Medicaid for the children. FIA and DCD are beginning to implement policies and programs that reflect this. For example, food stamp, Medicaid, and child care recipients are now able to receive post-employment services through local Work First providers. However, administrators and Work First staff note that since this change went into effect in October 1999, participation of noncash recipients, as this group is called, has been negligible. Reengaging this population, either through the noncash-recipients program or through services offered by WIA, will present challenges and require agencies to do outreach and marketing, which they previously have not done or done on a limited basis.

Child Care

As welfare programs have shifted dramatically toward requiring recipients to work or engage in activities leading to work, child care is now a cornerstone of state efforts to support these activities. People leaving TANF because they have found employment, often referred to as transitional (for the period of transition off of welfare), also often need child care to make their transition a success. Although PRWORA eliminated the *requirement* that states provide child care assistance to these families—by eliminating any entitlement to child care for them—most states continue to give these families a high priority for child care subsidies. This study examined the ways in which TANF and post-TANF families gain access to child care subsidies. It did the same for nonwelfare working families, since they also need child care but often cannot afford it, and many of the states in this study find themselves in the situation of having to make choices between providing subsidies to TANF clients or to nonwelfare working families.

Child Care Eligibility and Assistance

All families with children under the age of 13 and whose income does not exceed the income eligibility limit, regardless of their welfare status, are eligible for a child care subsidy if the parents are working or attending a job training or educational program. As of June 1999, the maximum monthly eligibility cutoff for a family of three is $2,172 ($26,064 per year), or 188 percent of the federal poverty level. FIP recipients are categorically eligi-

ble and remain eligible after leaving welfare as long as their income does not exceed allowable limits.

Priority in assisting with daycare expenses is given to children with special needs, those with very low incomes, protective service clients, preventive services clients (families identified as being at-risk for abusing or neglecting their children), and foster care clients. However, at this time Michigan has no waiting list, so the priority system is not being used. State and local level administrators, staff, and advocates noted that a relatively small number of eligible working poor families apply for child care. There is some concern by state level administrators, though, that if large numbers of working poor families applied for a child care subsidy, funds and facilities would not be sufficient to meet the demand for services.

Child care is also available through the Michigan School Readiness Program, which provides early education to at-risk four-year olds. Local schools, Head Start agencies, nonprofit child care agencies, and community agencies may all receive contracts from the state Department of Education to operate this program. In FY 1999, Michigan spent $67 million on this program.[7]

Administrative Structure and Funding

In Michigan the child care subsidy system is designed and administered by the state with eligibility, rates, and the rate structure determined by the state legislature. The Child Development and Care Division within FIA manages the funding, sets policies, and administers the child subsidy program. As is the case with FIP benefits, county and district FIA offices administer the program locally, with Family Independence Specialists determining eligibility and authorizing payments for welfare and nonwelfare low-income families.

Until 1996, AFDC families in Michigan received an earnings disregard for child care expenses while working families received child care subsidies. There is now a single child care subsidy program for both FIP recipients and other low-income families. All families fill out one application for child care that covers all eligibility categories, so once the family is in the system, it does not have to reapply and can remain in the system as long as it is income-eligible. FIA contracts with state and regional resource and referral agencies known as Coordinated Child Care Councils or 4C agencies. The 4Cs have several contracts to train regulated and unregulated providers.

The Head Start State Collaboration Office is located within the FIA. This office is responsible for coordinating Head Start programs with state Department of Education programs. These programs include the Michigan School Readiness Program, the state program for at-risk three year olds, and before- and after-school care. This office also focuses on collaboration in the areas of health, literacy, national services, welfare, and services for children with disabilities.

Child care funding is a blend of Child Care Development Fund money and transferred and other TANF funds. Overall child care funding has increased from approximately $128 million in FY 1996 to approximately $454 million in FY 1999. Since welfare reform, Michigan has seen an increase in child care funding and an increase in the child care caseload.

Child Care Fees and Reimbursement Rates

Low-income families not receiving FIP are responsible for making copayments on a sliding scale based on income and family size. Child care for FIP recipients is fully subsidized. However, when families transition off welfare, they are expected to begin making a copayment. All copayments are collected by the child care provider.

The amount up to which FIA will reimburse child care providers for child care is determined by a legislatively mandated market rate survey for different types of providers in different areas of the state.[8] Licensed child care centers and family day care providers receive payments directly from the subsidy agency. "Daycare aides," individuals who pro-

vide care in the child's own home, are paid via a two-party check made out to both the parent and provider. FIA does not use grants or contracts to pay for child care for low-income working families. Rates of reimbursement have not been adjusted for several years. Even though a market survey of child care costs was recently completed in 1999, as of June 1, 1999 the reimbursement rates in Michigan were based on the 75th percentile of the 1995-96 market rate.[9] As a consequence, reimbursement rates in Michigan are likely to be lower than the current 75th percentile.

Program Innovations and Challenges

Need exists throughout the state for more infant and toddler care, for care for children with special needs, for school-age child care and for odd-hour care. Money from the state and from private foundations is currently being awarded to local providers willing to expand care in these areas. The 4Cs are trying to expand infant and toddler care through recruitment and training of providers.

Movement to the integrated Family Independence Specialist position has posed administrative challenges to the child care system. When the transition occurred, most of the staff involved were unfamiliar with child care authorization and payment processes, since they did not carry out that function previously. In addition, large caseloads and heavy workloads were reported as continuing impediments to communicating with child care providers and with clients. These problems resulted in some delays in processing applications and payment authorizations, although state level administrators note this is no longer an issue for FIA.

Finally, although Michigan has set up a single child care program to eliminate child care disruptions for families moving off of welfare, actually getting *into* the child care system when families first apply for FIP can be difficult. To receive cash assistance, families must attend a Work First orientation. In some cases, participation in the work activity begins immediately after the orientation. Many of the families who attend the orientation have not arranged child care for their children. In some locations, a representative from the 4Cs will be on site at the orientation to help arrange child care. However, once an applicant attends the orientation, she will have a limited amount of time to set up child care before beginning the program. Parents in our focus groups indicated that it was difficult to arrange child care before attending the orientation because they were unsure about the hours and schedule of care they would need while attending Work First. Getting into the system can also be difficult for families not receiving cash assistance, who may encounter long delays in processing the initial application.

Child Welfare

Child welfare agencies seek to protect children from abuse and neglect. They may intervene in families in which such behavior is suspected; they may offer services to such families or require that families complete service programs; and they may remove children from their home and place them in state-supervised care if children face imminent or ongoing risk of abuse or neglect in the home. Nationally, many policymakers, researchers, and advocates have expressed concern that families that did not fare well under the new welfare requirements might be referred to child welfare agencies for child abuse or neglect. However, we found no evidence to suggest that welfare reform has had a significant impact on child welfare services in Michigan. The state has expended TANF funds for child welfare services, to some extent increasing the amount of child welfare funding and the proportion of federal funds used. Welfare reform has not altered the level of collaboration between child welfare and welfare workers regarding families involved with both systems.

In Michigan, child welfare services are state administered by the Child and Family Services division of FIA, with services delivered through local FIAs. Historically, FIA child welfare staff have little interaction with Family Independence Specialists, the staff who handle eligibility for cash assistance and other important programs. In Wayne County and

in several other larger metropolitan counties child welfare services are provided in offices separate from those that provide FIP services.

Child Welfare Caseload

Despite concerns, state officials reported that thus far welfare reform has not had a large impact on child welfare caseloads. In 1998, Michigan investigated allegations of abuse and neglect involving 142,700 children, a 9.6 percent increase since 1996. In 1998, 14.5 percent of the children investigated were found to be victims of maltreatment, approximately the same proportion as in 1996, but significantly lower than the national median of 30 percent. Michigan's 8.9 victimization rate (abuse/1000 children) is also lower than the national median of 11.5.

State officials believed that the increase in the child welfare caseload was related to state legislative changes and not to welfare reform. Administrators attributed increased reporting to greater public awareness and increased investigations due to policy changes.[10] Investigations also are more thorough, stemming from the mandates of the Binsfeld Commission and the Ombudsman's Office, both established by Governor Engler to examine child welfare policies and practices.

However, interviews with child welfare administrators and workers in Detroit/Wayne County indicated that welfare reform may have had some effects on the families they serve. These FIA staff reported that because more mothers are working in order to meet welfare requirements, more children are being left home alone without supervision. Data provided by the state show that between 1996 and 1999, the number of substantiated cases of "improper supervision" increased by 150 percent.[11] Workers and supervisors also reported an increase in the number of children removed from the home because families' utilities are cut off after they leave welfare. Clients' service needs have not changed, but services now need to be more flexible because more people are working during the day. Child welfare also receives more child abuse and neglect reports from welfare workers than in the past, perhaps in part because the Family Independence Specialists are now visiting their clients' homes. However, many of these were "dirty home" referrals, which were mostly unsubstantiated and have decreased since child welfare officials defined unacceptable living conditions more precisely for Family Independence Specialists.

In FY 1999, the foster care population in Michigan was more than 18,000, an 18 percent increase since 1998. By state law, FIA must remove every infant born to parents with other children who have been made permanent wards of the court.[12] In Wayne County, workers reported a decrease in the number of available foster homes, due in part to an increase in the number of foster parents adopting and no longer serving as foster parents. As a result, workers often have to place children out of the county, which makes visitation and reunification more difficult. FIA is trying to terminate parental rights more quickly, but the number of adoption workers has stayed the same. The result is a backlog of cases awaiting studies before adoptions can be finalized, and a consequent increase in the number of state wards.[13]

Financing

Although the block grant aspect of welfare reform is well known, PRWORA also altered federal funding streams that many states used to pay for child welfare services. The Emergency Assistance program was eliminated with the program's funds rolled into the TANF block grant, the Social Services Block Grant was cut by 15 percent, and eligibility for Supplemental Security Income was defined more narrowly.[14]

In 1998, Michigan expended $523.9 million on child welfare services, of which 55 percent came from federal funds, 36 percent from state funds, and 9 percent from local dollars.[15] From 1996 to 1998, the amount of state funds increased by just 4 percent (not adjusted for inflation) but federal funds used for child welfare increased substantially. The increase in child welfare funding is due largely to TANF funds.

In 1998, Michigan expended $27.3 million in TANF funds on child welfare, a 243 percent increase (not adjusted for inflation) over the amount of Emergency Assistance dollars the state used in 1996. Many of the recommendations of the Binsfeld Commission were funded with TANF dollars.[16]

Collaboration Between TANF and Child Welfare Agencies

Many families receiving services from child welfare agencies also receive cash welfare assistance. These dual-system families may face competing demands. They must meet the new requirements imposed on welfare recipients in order to receive assistance, while at the same time they must meet case plan goals developed by child welfare agencies in order to keep their children or have their children returned to them. Despite the overlap in populations, little formal collaboration has occurred historically between child welfare and welfare agencies.

FIA's strategic plan requires collaboration between child welfare and welfare workers, but state FIA officials reported that little discussion had occurred. However, FIA does have a common data system with basic client information that can be accessed by both welfare and child welfare workers.

In Wayne County, increased interaction between local welfare and child welfare administrators has occurred since the implementation of welfare reform. The local FIA formed committees and focus groups to discuss collaboration around families who are served by both sides of the agency. Administrators discussed the need for cross-training of workers from both systems as well as the possibility of joint home visits between welfare and child welfare workers, joint case plan development, and joint meetings to discuss child well-being. However, at the time of our visit, all of these ideas were in the planning stage, and none had been implemented. There was no local policy requiring child welfare and welfare staff to work together. Moreover, child welfare workers in Wayne County had not received training regarding welfare reform, and Family Independence Specialists had not received training on identifying abuse and neglect.[17]

Other Changes Affecting Child Welfare

Child welfare issues have received more policy attention during the past several years. Most notably, the Binsfeld Commission, established in 1995 and chaired by the former Lieutenant Governor, spurred the passage of significant child welfare-related legislation in December 1997. The legislation places greater emphasis on documentation and thorough investigations and confers added responsibilities on staff. The legislation also contains stipulations for faster permanency guidelines and mandatory petitions for termination of parental rights in certain instances. In addition, a new "Structured Decision Making" assessment tool, recommendations from the Children's Ombudsman, as well as the torture and death of a caseworker on the job, have all affected child welfare service delivery in recent years.

Conclusions

Michigan has maintained a strong "work first" focus since implementation of federal welfare reform. Project Zero, which promotes an increase in cases reporting earnings, has expanded across the entire state. Collaboration between FIA and Work First staff has reportedly improved, with more joint case management of clients. Recently, policy changes attempt to move reform into the "next phase" by allowing more opportunities for training, promoting efforts to deal with clients who have barriers, and focusing on low-income families more generally. These efforts are in the early stages and face some challenges in their implementation, for example, helping families balance training with work and performing outreach for services to families who no longer receive cash assistance.

Michigan is rather unusual among states in that it does not have a time limit on benefit receipt. However, as the federal five-year limit on assistance approaches, the state will need to make provisions for assisting those still left on the rolls.

While welfare caseloads continued to decline, child care caseloads have increased tremendously. Even with the increase, Michigan was one of only a few states in this study without a waiting list to receive assistance with child care expenses. Therefore, as long as a family was eligible and applied for assistance, it received help with child care. As was true in other study states, however, respondents noted that many eligible families either did not know about the assistance or knew about it but did not apply. Michigan also stands apart from most study states in that it has eliminated the concept of a transitional period for child care subsidies. That is, once a family on FIP receives a child care subsidy, it can keep the subsidy regardless of its changing welfare status, as long as it meets work or other activity criteria. As a result, although families were required to contact their caseworker to determine the amount they needed to contribute as copayment, they did not need to reapply in order to continue receiving child care assistance after leaving welfare.

The creation of the integrated Family Independence Specialist position posed challenges for staff. At a broad level, staff responsibilities shifted from income maintenance to case management, even though the majority of staff were not formally trained in social work skills. This change also affected the child care system, since these staff are now responsible for processing the subsidy, even though most did not carry out that function previously. Additionally, staff reported that large caseloads made it difficult to manage child care-related responsibilities.

Child welfare caseloads have also grown, although it is unclear whether this increase is related to welfare reform. State officials attributed it to legislative changes, but some local respondents believed they were seeing some effects of welfare's work requirements on children. Collaboration between child welfare and welfare staff has not occurred to a great extent, although Wayne County officials were beginning to discuss collaborative efforts.

Since Michigan experimented and revamped its welfare system through the waiver process; instituted changes to child care eligibility, payment, and service delivery structures; and had welfare reform legislation already in place, the state was easily able to implement PRWORA. Child welfare has also received increased attention over the last few years, with important policy and legislative changes occurring. Likewise, changes made to the workforce development system during the mid- to late-1990s, including the development of Workforce Development Boards and one-stop career centers, should greatly facilitate implementation of the Workforce Investment Act.

Endnotes

1. Counties included were: Alger, Emmet, Gladwin, Manistee, Menominee, Midland, Montcalm, and Ogemaw (rural); Jackson, Livingston, Monroe, and St. Clair (suburban); and Genesse (urban).

2. "Record Breaking 2,174 New Projects in 1999," Michigan Economic Development Corporation, 2/15/00, http://medc.michigan.org/glocation/advantage_index.htm.

3. Michigan Department of Management and Budget, "Michigan Financial Focus," March, 2000.

4. National caseload reduction computed from data from the U.S. Department of Health and Human Services, Administration for Children and Families, http://www.acf.dhhs.gov/news/stats/case-fam.htm

5. Based on calculations of data from the Food and Nutrition Service, U.S. Department of Agriculture,

http://www.fns.usda.gov/pd/fsmonthly.htm

6. That is, income eligibility for child care assistance is based on a fixed amount. Over time, due to inflation and changes in the cost of living, that amount will represent a lower proportion of each year's federal poverty level.

7. Children's Defense Fund. (1999). *Seeds of Success: State Prekindergarten Initiatives*. Washington, D.C.: Children's Defense Fund.

8. A market rate survey is conducted to determine the rates charged by child care providers in the community. The state sets the maximum rate at a specific percentile of the market rate. In Michigan, the state has set the maximum reimbursement rate at the 75th percentile, which means the reimbursement rate will be sufficient to pay the rates charged by three-quarters (75 percent) of the providers in the community. States will then pay the amount the provider charges to private paying parents, or the maximum rate, whichever is less.

9. Blank, Helen and Nicole Oxendine Poersch. (2000). *State Developments in Child Care and Early Education 1999*. Washington D.C.: Children's Defense Fund.

10. In addition, the definition of "persons responsible" has been expanded to allow the agency to investigate unmarried live-in partners (i.e., boyfriends).

11. The "improper supervision" category was created in 1995, prior to welfare reform, and the number of such classifications has increased in every subsequent year. State administrators believed that the actual number of cases of improper supervision had increased substantially. However, the data may overstate the case, since the category is relatively new, and cases such as these may have previously been coded as "neglect."

12. The Detroit News June 24, 1999.

13. According to state administrators, FIA increased the number of adoption staff in fiscal year 2000, and the number of FIA adoption placements has increased.

14. For additional information about these changes see Geen, Rob, Shelley Boots, and Karen Tumlin. 1999. *The Cost of Protecting Vulnerable Children*, Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Occasional Paper Number 20.

15. Based on data provide by the state in response to the Urban Institute 1999 Child Welfare Survey.

16. Per interview with state budget expert.

17. Although initial training of the Family Independence Specialists did not include training to identify abuse and neglect, such training was reportedly in the process of being implemented at the time of the site visit.

Table 1 Notes

a. U.S. Bureau of the Census. "State Population Estimates: Annual Time Series, July 1, 1990, to July 1, 1999." http://www.census.gov/population/estimates/state/st-99-3.txt. [date accessed: October 2000.]

b. U.S. Bureau of the Census. "State and County Quick Facts." http://quickfacts.census.gov/qfd/states/26000.html. [date accessed: October 2000.]

c. U.S. Bureau of the Census, Population Estimates Program, Population Division. "States Ranked by Hispanic Population, July 1, 1999." http://www.census.gov/population/estimates/state/rank/hisp.txt. [date accessed: October 2000.]

d. U.S. Bureau of the Census, Population Estimates Program, Population Division. "States Ranked by Black Population, July 1, 1999." http://www.census.gov/population/estimates/state/rank/black.txt. [date accessed: October 2000.] National population percentages are as of July 1, 1999, from U.S. Census Bureau. "Resident Population Estimates of the United States by Sex, Race, and Hispanic Origin." http://www.census.gov/population/estimates/nation/intfile3-1.txt. [date accessed: October 2000.]

e. Urban Institute estimates based on a three-year average of data in the 1997, 1998, and 1999 March Supplements to the Current Population Survey. A Joint Project Between the Bureau of Labor Statistics and the Bureau of the Census.

f. U.S. Bureau of the Census. 1999. *Statistical Abstract of the United States: 1999* (119th edition). Table 42. Washington, D.C.

g. U.S. Bureau of the Census. Population Estimates Program, Population Division. "Percent Change in Population for U.S. States: 1990 to 1999." http://www.census.gov/population/www/estimates/stmap03.html. [date accessed: February 2001.]

h. U.S. National Center for Health Statistics. March 28, 2000. *National Vital Statistics Report*. Vol. 48, No. 3. Tables B, 10, and 19.

i. Urban Institute estimates based on two sources: (1) U.S. National Center for Health Statistics. April 29, 1999. *National Vital Statistics Report*. Vol. 47 No. 18. Table 10. (showing total number of births in each state and the US, 1997) (2) Child Trends. 1999. *CTS. Facts At A Glance*. Table 1. (showing number of births to mothers age 15-19 and percentage of teen births to unmarried mothers). Washington, D.C.: Child Trends, December.

j. U.S. Department of Commerce, Bureau of Economic Analysis. News Release September 12, 2000: *1999 State Per Capita Personal Income Revised*. Table 1: Per Capita Personal Income, by State and Region, 1995-1999 [Dollars]. http://www.bea.doc.gov/bea/newsrel/spi0900.htm. [accessed: February 2001.] Note: Percent change calculated in inflation adjusted dollars by the Urban Institute based on the CPI-U as published in the *Economic Report of the President*. 2000. Table B-60. Washington, D.C.: U.S. Government Printing Office, February.

k. U.S. Department of Labor, Bureau of Labor Statistics. 2000. "State and Regional Unemployment, 1999 Averages." Released February 2000. http://stats.bls.gov/newsrels.htm. [date accessed: February 2001.]

l. Zedlewski, Sheila. 2000. "Family Economic Well-Being." *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families*. Washington, D.C.: The Urban Institute.

m. U.S. Department of Labor, Bureau of Labor Statistics. 1999. Current Population Survey. Data extracted February 10, 1999.

n. Vandivere, Sharon, Kristin Anderson Moore, and Martha Zaslow. 2000. "Children's Family Environment." *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families*. Washington, D.C.: The Urban Institute.

o. Zedlewski, Sheila. 2000. "Family Economic Well-Being." *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute. Percent change in poverty rates (1996-1998) calculated by the Labor and Social Policy Center, The Urban Institute.

p. The National Governors' Association. 2000. "The Governors, Political Affiliations, and Terms of Office 2000." http://www.nga.org/Governor/GovMasterList.htm. [date accessed: February 2001.]

q. National Conference of State Legislatures. 1999. "Directory of State Legislatures, Online. Partisan Composition of State Legislatures House and Senate." D indicates Democrat; R indicates Republican; I indicates Independent; other indicates Other; and V indicates Vacant. http://www.ncsl.org. [Date accessed February 2001.]

Table 2 Notes

a. U.S. Congress, House Committee on Ways and Means. 2000. 2000 Green Book. Table 7-7: Maximum Combined AFDC/TANF Benefits for a Family of Three (Parent with Two Children), July 1994-January 2000. Washington, D.C.: U.S. Government Printing Office. January.

b. Two Urban Institute calculations: (1) Average monthly number of AFDC 1996 recipient children divided by number of children in poverty 1996: U.S. Department of Health and Human Services. Administration for Children and Families. 1997. *Characteristics and Financial Circumstances of AFDC Recipients FY 1996.* Table 18. "Percent Distribution of AFDC Recipient Children by Age (October 1995-September 1996)"; (2) Average Monthly Number of TANF 1998 Recipient Children divided by Number of Children in Poverty 1998: U.S. Department of Health and Human Services. Administration for Children and Families. 1999. *Second Annual Report to Congress August 1999.* Table 9:22. "Percent Distribution of TANF Recipient Children by Age Group (October 1997-September 1998)." The numbers of children in poverty in 1996 and 1998 are Urban Institute calculations from the *National Survey of America's Families II.*

c. Kenney, Genevieve, Lisa Dubay, and Jennifer Haley. 2000. "Health Insurance, Access, and Health Status of Children: Findings from the National Survey of American Families." *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

d. Based on three sources: (1) Urban Institute's TRIM [Transfer Income Model]; (2) Vernon K. Smith. 1999. "Enrollment Increases in State CHIP Programs: December 1998 to June 1999": Health Management Associates, July; (3) Urban Institute analysis of *1999 SCHIP [State Children's Health Insurance Program] Annual Report.* Rules for 1996 and 1998 are policies in place the majority of the year. Rules for 2000 represent plans approved as of January 1, 2000.

e. In 1996, the thresholds represent the state Medicaid thresholds for poverty-related eligibility or AFDC-related eligibility. Higher thresholds for separate state-financed programs (such as in New York) are not represented here.

f. In 1998, some states' thresholds represent Medicaid eligibility, and others are either Medicaid expansions or stand-alone programs enacted under the SCHIP legislation.

g. In 2000, all states covered at least some children through SCHIP; certain groups in some states are eligible only through Medicaid.

h. Data for 1998 are from January 1, 1998, compared with 1997 federal poverty level (FPL). Gina Adams, Karen Schulman, and Nancy Ebb. 1998. *Locked Doors: States Struggling to Meet the Child Care Needs of Low-Income Working Families.* Table A1. Washington, DC: Children's Defense Fund, March. Data for 1999 are from June 1999, compared with 1999 FPL. The 1999 data are calculated using state agency information and information from Helen Blank and Nicole Oxedine Poersch. 1999. *State Developments in Child Care and Early Education.* Table 1. Washington, D.C.: Children's Defense Fund. The Urban Institute calculated 1998 and 1999 U.S. median income eligibility level as a percentage of state median income (SMI) and FPL.

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In 1996 and 1997, the Urban Institute conducted case studies in 13 states that provided a baseline for understanding changes emerging from welfare reform. This set of state updates describes changes occurring between 1996-97 and 1999-2000 based on a second set of case studies completed in 1999 and 2000. Programs covered include income support through the Temporary Assistance for Needy Families program, employment and training supports for low-income welfare and non-welfare families, child care, and child welfare. It also looks at interactions among these programs.

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